

SENATE BILL 1082
By Ketron

AN ACT to amend Tennessee Code Annotated, Title 45;
Title 47 and Title 66, relative to residential
mortgages.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 45, is amended by adding the following
as a new, appropriately designated section thereto:

(a) An entitled person or an authorized agent of an entitled person may give to
the secured creditor a notification requesting a payoff statement for a specified payoff
date not more than thirty (30) days after the notification is given. The notification shall
contain:

(1) The entitled person's name;

(2) If given by a person other than an entitled person, the name of the
person giving the notification and a statement that the person is an authorized
agent of the entitled person;

(3) A direction whether the statement is to be sent to the entitled person
or that person's authorized agent;

(4) The address to which the creditor shall send the statement; and

(5) Sufficient information to enable the creditor to identify the secured
obligation and the real property encumbered by the security interest.

(b) If a notification under subsection (a) directs the secured creditor to send the
payoff statement to a person identified as an authorized agent of the entitled person, the
secured creditor may presume that the person is an authorized agent and shall send the

statement to the person, unless the secured creditor knows that the entitled person has not authorized the request.

(c) Within ten (10) days after the effective date of a notification that complies with subsection (a), the secured creditor shall issue a payoff statement and send it to the entitled person or the authorized agent by:

(1) Depositing it in the mail or with a commercially reasonable delivery service, properly addressed to the recipient's address for giving a notification, with first-class postage or cost of delivery provided for;

(2) Sending it by facsimile transmission or electronic mail to the recipient's address for giving a notification, but only if the recipient agreed to receive notification in that manner; or

(3) Causing it to be received at the address for giving a notification within the time that it would have been received if given pursuant to subdivision (1).

A recipient of a notification under subsection (a) which does not claim an interest in the secured obligation is not required to send a payoff statement.

(d) The payoff statement shall contain:

(1) The date on which it was prepared and the payoff amount as of that date, including the amount by type of each fee, charge, or other sum included within the payoff amount;

(2) The information reasonably necessary to calculate the payoff amount as of the requested payoff date, including the per diem interest amount; and

(3) The payment cutoff time, if any, the address or place where payment shall be made, and any limitation as to the authorized method of payment.

(e) A secured creditor may not qualify a payoff amount or state that it is subject to change before the payoff date unless the payoff statement provides information

sufficient to permit the entitled person or that person's authorized agent to request an updated payoff amount at no charge and to obtain that update payoff amount during the secured creditor's normal business hours on the payoff date or the immediately preceding business day.

(f) A secured creditor shall provide, upon request, one (1) payoff statement without charge during any six-month period. A secured creditor may charge a fee of twenty-five dollars (\$25.00) for each additional request for a payoff statement during that six-month period. However, a secured creditor may not charge a fee for providing or delivering an update payoff amount under subsection (e).

(g) A secured creditor may include in a payoff statement the amount of any fees authorized under this section.

(h) As used in this section:

(1) "Entitled person" means the landowner or a person liable for payment or performance of the obligation secured by the real property described in a security instrument;

(2) "Payoff amount" means the sum necessary to satisfy a secured obligation; and

(3) "Payoff statement" means a document containing the information specified in subsection (d).

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.